

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>		Printed Name		License Number

CASEVILLE TOWNSHIP

Huron, Michigan

FINANCIAL STATEMENTS

March 31, 2007

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Caseville Township
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Caseville Township, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Caseville Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Caseville Township, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Caseville Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Township has not presented a Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not a required part of, the financial statements.

Berthiaume & Co.

June 14, 2007

BASIC FINANCIAL STATEMENTS

CASEVILLE TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2007

	<i><u>Governmental</u></i> <i><u>Activities</u></i>	<i><u>Business-type</u></i> <i><u>Activities</u></i>	<i><u>Total</u></i>
Assets:			
Cash and investments	\$ 1,798,721	\$ 713,753	\$ 2,512,474
Receivables	219,848	3,181,526	3,401,374
Prepaid expenses	5,413	-	5,413
Restricted cash and cash equivalents	-	970,249	970,249
Capital assets:			
Nondepreciable capital assets	205,661	-	205,661
Depreciable capital assets, net	122,560	7,739,580	7,862,140
Other	<u>-</u>	<u>145,000</u>	<u>145,000</u>
Total assets	<u>2,352,203</u>	<u>12,750,108</u>	<u>15,102,311</u>
Liabilities:			
Accounts payable and accrued expenses	47,785	157,292	205,077
Long-term liabilities:			
Due within one year	118,783	460,000	578,783
Due in more than one year	<u>297,377</u>	<u>5,930,000</u>	<u>6,227,377</u>
Total liabilities	<u>463,945</u>	<u>6,547,292</u>	<u>7,011,237</u>
Net assets:			
Invested in capital assets, net of related debt	262,061	1,349,580	1,611,641
Restricted for:			
Debt service	192,198	786,028	978,226
Capital improvements	-	184,221	184,221
Nonexpendable cemetery principal	142,543	-	142,543
Unrestricted net assets	<u>1,291,456</u>	<u>3,882,987</u>	<u>5,174,443</u>
Total net assets	<u>\$ 1,888,258</u>	<u>\$ 6,202,816</u>	<u>\$ 8,091,074</u>

The accompanying notes are an integral part of these financial statements.

CASEVILLE TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<i>Governmental activities:</i>					
General government	\$ 331,249	\$ 85,512	\$ 10,270	\$ 6,850	\$ (228,617)
Public safety	444,682	3,908	-	-	(440,774)
Public works	150,927	(2,173)	2,834	-	(150,266)
Community and economic development	19,018	25,807	-	-	6,789
Recreation and culture	7,132	-	-	-	(7,132)
Interest on long-term debt	30,331	-	-	-	(30,331)
Total governmental activities	<u>997,638</u>	<u>113,054</u>	<u>13,104</u>	<u>6,850</u>	<u>(864,630)</u>
<i>Business-type activities:</i>					
Water	<u>794,073</u>	<u>656,313</u>	<u>62,794</u>	<u>-</u>	<u>(74,966)</u>
Total business-type activities	<u>794,073</u>	<u>656,313</u>	<u>62,794</u>	<u>-</u>	<u>(74,966)</u>
	<u><u>\$1,791,711</u></u>	<u><u>\$ 769,367</u></u>	<u><u>\$ 75,898</u></u>	<u><u>\$ 6,850</u></u>	<u><u>\$ (939,596)</u></u>

The accompanying notes are an integral part of these financial statements.

	<i>Governmental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>
	<u> </u>	<u> </u>	<u> </u>
<i>Changes in net assets:</i>			
Net (Expense) Revenue	\$ (864,630)	\$ (74,966)	\$ (939,596)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	185,443	-	185,443
Property taxes, levied for fire protection	158,543	-	158,543
Property taxes, levied for police protection	245,698	-	245,698
Property taxes, levied for road improvements	150,947	-	150,947
Franchise taxes	17,916	-	17,916
Grants and contributions not restricted to specific programs	124,832	-	124,832
Unrestricted investment earnings	82,492	58,056	140,548
Contributions to principal of permanent funds	<u>2,200</u>	<u>-</u>	<u>2,200</u>
Total general revenues, contributions and special items	<u>968,071</u>	<u>58,056</u>	<u>1,026,127</u>
Change in net assets	103,441	(16,910)	86,531
Net assets, beginning of year, as restated	<u>1,784,817</u>	<u>6,219,726</u>	<u>8,004,543</u>
Net assets, end of year	<u>\$ 1,888,258</u>	<u>\$ 6,202,816</u>	<u>\$ 8,091,074</u>

CASEVILLE TOWNSHIP

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	<i>General Fund</i>	<i>Police Fund</i>	<i>Road Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets:					
Cash and investments	\$ 485,549	\$ 247,968	\$ 278,140	\$ 787,064	\$ 1,798,721
Taxes receivable	29,841	16,180	10,590	-	56,611
Special assessments receivable	-	-	-	142,742	142,742
Due from other governmental units	20,495	-	-	-	20,495
Prepaid expenditures	5,413	-	-	-	5,413
Advance receivable from other fund	14,000	-	-	-	14,000
Total assets	<u>\$ 555,298</u>	<u>\$ 264,148</u>	<u>\$ 288,730</u>	<u>\$ 929,806</u>	<u>\$ 2,037,982</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 4,249	\$ 24,973	\$ -	\$ 49	\$ 29,271
Due to other governmental units	12,019	-	-	-	12,019
Advance payable to other funds	-	-	-	14,000	14,000
Deferred revenue	-	-	-	137,812	137,812
Total liabilities	<u>16,268</u>	<u>24,973</u>	<u>-</u>	<u>151,861</u>	<u>193,102</u>
Fund balances:					
Reserved for:					
Prepaid expenditures	5,413	-	-	-	5,413
Debt service	-	-	-	192,198	192,198
Nonexpendable cemetery principal	-	-	-	142,543	142,543
Unreserved:					
General fund	533,617	-	-	-	533,617
Special revenue funds	-	239,175	288,730	443,204	971,109
Total fund balances	<u>539,030</u>	<u>239,175</u>	<u>288,730</u>	<u>777,945</u>	<u>1,844,880</u>
Total liabilities and fund balances	<u>\$ 555,298</u>	<u>\$ 264,148</u>	<u>\$ 288,730</u>	<u>\$ 929,806</u>	<u>\$ 2,037,982</u>

The accompanying notes are an integral part of these financial statements.

CASEVILLE TOWNSHIP

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2007

Total fund balances for governmental funds		\$ 1,844,880
Total net assets reported for governmental activities in the statement of of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	431,028	
Less accumulated depreciation	<u>(102,807)</u>	328,221
Interest payable in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		
		(6,495)
Deferred revenues reported in the governmental funds are recognized as revenues for the governmental activities.		
Special assessments receivable		137,812
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Bonds payable	(350,000)	
Land contract payable	<u>(66,160)</u>	<u>(416,160)</u>
Net assets of governmental activities		<u><u>\$ 1,888,258</u></u>

The accompanying notes are an integral part of these financial statements.

CASEVILLE TOWNSHIP

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<i>General Fund</i>	<i>Police Fund</i>	<i>Road Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues:					
Property taxes	\$414,400	\$245,698	\$150,947	-	\$ 811,045
Licenses and permits	40,173	-	-	-	40,173
State grants	144,786	-	-	-	144,786
Charges for services	7,157	-	-	4,106	11,263
Fines and forfeits	-	3,886	-	-	3,886
Interest and rents	29,196	7,782	10,624	35,989	83,591
Other revenue	6,036	22	-	60,767	66,825
Total revenues	641,748	257,388	161,571	100,862	1,161,569
Expenditures:					
Current					
General government	302,564	-	-	17,291	319,855
Public safety	201,293	243,389	-	-	444,682
Public works	6,224	-	144,422	281	150,927
Health and welfare	14,299	-	-	-	14,299
Community and economic development	19,018	-	-	-	19,018
Recreation and culture	8,632	-	-	-	8,632
Capital outlay	34,616	-	-	-	34,616
Debt service					
Principal	8,877	-	-	111,000	119,877
Interest and fees	5,682	-	-	26,334	32,016
Total expenditures	601,205	243,389	144,422	154,906	1,143,922
Excess (deficiency) of revenues over expenditures	40,543	13,999	17,149	(54,044)	17,647
Other financing sources (uses):					
Transfers in	-	-	-	263,355	263,355
Transfers out	(260,492)	-	-	(2,863)	(263,355)
Total other financing sources (uses)	(260,492)	-	-	260,492	-
Net change in fund balances	(219,949)	13,999	17,149	206,448	17,647
Fund balances, beginning of year	758,979	225,176	271,581	571,497	1,827,233
Fund balances, end of year	\$ 539,030	\$ 239,175	\$ 288,730	\$ 777,945	\$ 1,844,880

The accompanying notes are an integral part of these financial statements.

CASEVILLE TOWNSHIP

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

March 31, 2007

Net change in fund balances - total governmental funds \$ 17,647

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlay	32,213	
Less depreciation expense	<u>(7,491)</u>	24,722

Collection of certain items recorded as deferred revenue are considered current financial resources in the governmental funds. In the statement of activities, these items have been recorded as revenue in previous years.

Special assessments receivable		(60,490)
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Repayments of principal on long-term obligations are expenditures in governmental but the payments reduce long-term liabilities in the statement of net assets.

Principal payments on land contract	8,877	
Principal payments on special assessment bonds	<u>111,000</u>	119,877

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest on bonds and land contract payable	<u>1,685</u>	
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Change in net assets of governmental activities	<u><u>\$ 103,441</u></u>	
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The accompanying notes are an integral part of these financial statements.

CASEVILLE TOWNSHIP

PROPRIETARY FUND STATEMENT OF NET ASSETS

March 31, 2007

	<u>Major Enterprise Fund Water Fund</u>
Assets:	
Current assets:	
Cash and investments	\$ 713,753
Accounts receivable	106,926
Special assessments receivable	<u>44,761</u>
Total current assets	<u>865,440</u>
Noncurrent assets:	
Restricted cash and investments	970,249
Special assessments receivable	3,029,839
Capital assets:	
Depreciable capital assets, net	7,739,580
Deferred charges	<u>145,000</u>
Total noncurrent assets	<u>11,884,668</u>
Total assets	<u>12,750,108</u>
Liabilities:	
Current liabilities:	
Accounts payable	26,731
Accrued interest payable	130,561
Current long-term debt	<u>460,000</u>
Total current liabilities	<u>617,292</u>
Noncurrent liabilities:	
Long-term debt	<u>5,930,000</u>
Total noncurrent liabilities	<u>5,930,000</u>
Total liabilities	<u>6,547,292</u>
Net assets:	
Invested in capital assets, net of related debt	1,349,580
Restricted for:	
Debt service	786,028
Capital improvements	184,221
Unrestricted	<u>3,882,987</u>
Total net assets	<u>\$ 6,202,816</u>

The accompanying notes are an integral part of these financial statements.

CASEVILLE TOWNSHIP

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended March 31, 2007

	<i><u>Major Enterprise Fund Water Fund</u></i>
Operating revenues:	
Charges for services	\$ 454,455
Penalties	<u>2,351</u>
Total operating revenues	<u>456,806</u>
Operating expenses:	
Personnel	20,950
Fringe benefits	459
Supplies	2,364
Contracted services	16,922
Legal fees	47,203
Distribution costs - Village	39,748
Purchase of water	67,157
Administrative expense	33,005
Telephone	1,205
Mileage	48
Printing and publishing	428
Insurance	3,038
Utilities	342
Repairs and maintenance	6,147
Depreciation	<u>243,730</u>
Total operating expenses	<u>482,746</u>
Operating income (loss)	<u>(25,940)</u>
Non-operating revenues (expenses);	
Interest income	58,056
Interest income earned on special assessments	199,507
Capital contributions-connection fees	62,794
Interest expense	<u>(311,327)</u>
Total non-operating revenues (expenses)	<u>9,030</u>
Net income (loss)	(16,910)
Net assets, beginning of year, as restated	<u>6,219,726</u>
Net assets, end of year	<u>\$ 6,202,816</u>

The accompanying notes are an integral part of these financial statements.

CASEVILLE TOWNSHIP

PROPRIETARY FUND **STATEMENT OF CASH FLOWS**

Year Ended March 31, 2007

	<i><u>Major Enterprise Fund</u></i>
	<i><u>Water Fund</u></i>
Cash flow from operating activities:	
Cash received from customers	\$ 457,414
Cash payments to employees	(20,950)
Cash payments to suppliers for goods and services	<u>(237,178)</u>
Net cash provided (used) by operating activities	<u>199,286</u>
Cash flows from capital and related financing activities:	
Capital contributions - connection fees	62,794
Principal collected on special assessments	272,658
Interest earned on special assessments	199,507
Principal payments on capital debt	(440,000)
Interest paid on capital debt	<u>(311,327)</u>
Net cash used by capital and related financing activities	<u>(216,368)</u>
Cash flows from investing activities:	
Interest received	<u>58,056</u>
Net cash provided by investing activities	<u>58,056</u>
Net increase (decrease) in cash and cash equivalents	40,974
Cash and investments, beginning of year	<u>1,643,028</u>
Cash and investments, end of year	<u><u>\$ 1,684,002</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (25,940)
Adjustments:	
Depreciation	243,730
Change in assets and liabilities:	
Accounts receivable	608
Accounts payable	2,512
Accrued expenses	<u>(21,624)</u>
Net cash provided (used) by operating activities	<u><u>\$ 199,286</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Caseville Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township has no component units and accordingly, the Township has not consolidated any entities into its financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between activities that are governmental and those that are business-type activities. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Police Fund** is used to account for the revenues collected to provide for police protection in the township.

The **Road Fund** is used to account for the revenues collected to provide for the maintenance of public roads within the township.

The Township reports the following major enterprise fund:

The **Water Fund** is used to account for the revenues and expenses for the operation of a water system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Assets, Liabilities and Equity

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Interfund Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$1,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Distribution system	15-50 years
Equipment	5-25 years
Furniture and equipment	5-25 years
Site improvements	15-25 years
Vehicles	10-25 years

Compensated Absences – The Township does not allow the carryover of unused sick or vacation days.

Long-term Obligations – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Eliminations and Reclassifications:

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

Property Taxes:

Township property taxes are attached as an enforceable lien on property as of July 1 for the summer levy and December 1 for the winter levy. Taxes levied July 1 and December 1 are due without penalty on or before September 14 and February 14, respectively. These tax bills include the Township's own property taxes and taxes billed on behalf of the school districts within the Township boundaries and Huron County.

The 2006 taxable valuation of the Township totaled \$202,600,382 on which ad valorem taxes levied consisted of .9448 mills for the Township's operating purposes, .8 mills for fire protection, 1.5 mill for police protection and .7674 mills for Road Improvements.

The delinquent real property taxes of the Township are purchased by Huron County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Clerk submits to the Township Board a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund budget as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Township did not incur expenditures that were in excess of the amounts budgeted.

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

State Construction Code Act:

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000 is as follows:

Cumulative surplus at April 1, 2006	\$ -
Current year building permit revenue	18,340
Related expenditures:	
Direct costs	<u>(30,372)</u>
Cumulative surplus at March 31, 2007	<u><u>\$ -</u></u>

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Township Board is in accordance with Public Act 196 of 1997. The Township's deposits and investments have been made in accordance with statutory authority.

The Township's deposits are subject to several types of risk, which are presented in more detail as follows:

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year-end, the Township had \$2,701,478 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$801,189 was covered by federal depository insurance and the remainder was uninsured and uncollateralized.

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 3: DEPOSITS AND INVESTMENTS, continued

Custodial Credit Risk of Investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or an agent in the Township's name:

<u>Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
U.S. government and agency securities: Federal Home Loan Bank	\$ 800,000	Counterparty

Interest Rate Risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a maximum 270 day maturity. At year end, the average maturities of investments are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. government and agency securities: Federal Home Loan Bank	\$ 800,000	3 Years

Credit Risk:

As of year end, the credit quality ratings of debt securities are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
U.S. government and agency securities: Federal Home Loan Bank	\$ 800,000	AAA	S&P

Concentration of Credit Risk:

The Township places limits on the amount the Township may invest in any one issuer. At March 31, 2007, there were no investments in any one issuer (other than the U.S. government agencies and mutual funds) that exceeded more than 5 percent of total investments.

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 4: RESTRICTED CASH AND RESERVES

The Water Fund has the following cash reserves at March 31, 2007:

Revenue bond debt service	\$ 169,889
Special assessment bond debt service	616,139
	<u>\$ 786,028</u>
 Water capital improvements	 <u>\$ 184,221</u>

NOTE 5: CAPITAL ASSETS

Primary Government capital asset activity for the year ended March 31, 2007 was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 205,661	\$ -	\$ -	\$ 205,661
Depreciable capital assets:				
Buildings and improvements	182,025	-	-	182,025
Equipment	5,405	18,450	-	23,855
Furniture and equipment	2,670	10,763	-	13,433
Site improvements	3,054	3,000	-	6,054
	193,154	32,213	-	225,367
Accumulated depreciation	(95,316)	(7,491)	-	(102,807)
Total depreciable capital assets, net	97,838	24,722	-	122,560
Governmental activities, capital assets, net	<u>\$ 303,499</u>	<u>\$ 24,722</u>	<u>\$ -</u>	<u>\$ 328,221</u>
 Business-type activities:				
Depreciable capital assets				
Land improvements	\$ 2,541	\$ -	\$ -	\$ 2,541
Equipment	126,181	-	-	126,181
Distribution system	9,055,107	-	-	9,055,107
Total capital assets	9,183,829	-	-	9,183,829
Accumulated depreciation	(1,200,519)	(243,730)	-	(1,444,249)
Depreciable capital assets, net	7,983,310	(243,730)	-	7,739,580
Business-type activities, capital assets, net	<u>\$ 7,983,310</u>	<u>\$ (243,730)</u>	<u>\$ -</u>	<u>\$ 7,739,580</u>

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 7,491
Total governmental activities	\$ 7,491

Business-type activities:

Water Fund	\$ 243,730
Total business-type activities	\$ 243,730

NOTE 6: LONG-TERM LIABILITIES

The Township has special assessment bonds that were used to finance water line construction, dredging and road improvement projects, revenue bonds to finance water tower and plant expansion construction and a land contract for the purchase of land. The Township's long-term liabilities are general obligations, which are direct obligations of the government and pledge the full faith and credit of the Township.

Long-term liabilities at March 31, 2007 consisted of the following:

<u>Types of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Annual Principal Installments</u>	<u>Original Loan Amount</u>	<u>Outstanding at Year-End</u>
<u>Governmental Activities</u>					
<u>Land Contract Payable</u>					
2002 Contract - Land Purchase	12/1/12	8.00%	\$ 546 - \$ 1,204	\$ 100,000	\$ 66,160
<u>Special Assessment Bonds Payable</u>					
<u>Dredging</u>					
1988 Issue - Sand Point Canal	3/1/08-3/1/08	4.70%	20,000	170,000	20,000
1999 Issue - Sandy Isle	5/1/07-5/1/09	5.25-5.40%	40,000	355,000	120,000
<u>Road Improvements</u>					
2000 Issue - Hartshorn and Gagetown	5/1/07-5/1/10	5.00%	15,000-20,000	150,000	65,000
2000 Issue - Gagetown and Glenss	5/1/07-5/1/10	7.75-8.00%	20,000-30,000	280,000	115,000
2003 Issue - Michael and Georgina	5/1/07-5/1/12	6.00%	4,000-6,000	44,000	30,000
<u>Business-type Activities</u>					
<u>Special Assessment Bonds Payable</u>					
1999 Issue - Water District # 1	5/1/07-5/1/19	4.80-5.25%	200,000	3,745,000	2,600,000
2000 Issue - Water District # 2	5/1/07-5/1/20	5.00-5.75%	20,000	360,000	280,000
2003 Issue - Water District # 3	5/1/07-5/1/21	4.75-5.20%	15,000-20,000	340,000	290,000
<u>Revenue Bonds Payable</u>					
1999 Issue - Water Tower/Plant Expansion	5/1/07-5/1/19	5.10-6.125%	200,000	3,900,000	600,000
2006 Issue - Refunding Bonds	5/1/07-5/1/19	4.00-5.00%	20,000-305,000	2,620,000	2,620,000

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

The following is a summary of long-term liabilities transactions for the year ended March 31, 2007:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
<i>Land Contract Payable</i>					
2002 Contract - Land Purchase	\$ 75,037	\$ -	\$ (8,877)	\$ 66,160	\$ 8,783
<i>Special Assessment Bonds Payable</i>					
Dredging					
1988 Issue - Sand Point Canal	40,000	-	(20,000)	20,000	20,000
1999 Issue - Sandy Isle	160,000	-	(40,000)	120,000	40,000
Road improvements					
2000 Issue - Hartshorn and Gagetown	80,000	-	(15,000)	65,000	15,000
2000 Issue - Gagetown and Glenss	145,000	-	(30,000)	115,000	30,000
2003 Issue - Michael and Georgina	36,000	-	(6,000)	30,000	5,000
	<u>461,000</u>	<u>-</u>	<u>(111,000)</u>	<u>350,000</u>	<u>110,000</u>
Total Governmental Activity Debt	<u>\$ 536,037</u>	<u>\$ -</u>	<u>\$ (119,877)</u>	<u>\$ 416,160</u>	<u>\$ 118,783</u>
<u>Business-type Activities</u>					
<i>Special Assessment Bonds Payable</i>					
1999 Issue - Water District # 1	\$ 2,800,000	\$ -	\$ (200,000)	\$ 2,600,000	\$ 200,000
2000 Issue - Water District # 2	300,000	-	(20,000)	280,000	20,000
2001 Issue - Water District # 3	310,000	-	(20,000)	290,000	20,000
	<u>3,410,000</u>	<u>-</u>	<u>(240,000)</u>	<u>3,170,000</u>	<u>240,000</u>
<i>Revenue Bonds Payable</i>					
1999 Issue - Water Tower/Plant Expansion	3,275,000	-	(2,675,000)	600,000	200,000
2006 Issue - Refunding Bonds	-	2,620,000	-	2,620,000	20,000
	<u>3,275,000</u>	<u>2,620,000</u>	<u>(2,675,000)</u>	<u>3,220,000</u>	<u>220,000</u>
Total Business-type Activity Debt	<u>\$ 6,685,000</u>	<u>\$ 2,620,000</u>	<u>\$ (2,915,000)</u>	<u>\$ 6,390,000</u>	<u>\$ 460,000</u>

Annual debt service requirements to maturity for the above contractual obligations are as follows:

Year Ended March 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 118,783	\$ 23,284	\$ 142,067	\$ 460,000	\$ 304,542	\$ 764,542
2009	99,343	16,499	115,842	460,000	284,466	744,466
2010	100,201	10,138	110,339	460,000	261,798	721,798
2011	62,131	4,798	66,929	460,000	237,726	697,726
2012	19,138	1,961	21,099	460,000	214,990	674,990
2013-2017	16,564	536	17,100	2,435,000	741,631	3,176,631
2018-2022	-	-	-	1,655,000	150,635	1,805,635
	<u>\$ 416,160</u>	<u>\$ 57,216</u>	<u>\$ 473,376</u>	<u>\$ 6,390,000</u>	<u>\$ 2,195,788</u>	<u>\$ 8,585,788</u>

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the Township's governmental and business-type activities in the aggregate are as follows:

	<i><u>Governmental Activities</u></i>	<i><u>Business-type Activities</u></i>
Receivables:		
Taxes	\$ 56,611	\$ -
Special assessments		
Due within one year	4,930	44,761
Due in more than one year	137,812	3,029,839
Interest	-	-
Accounts	-	106,926
Intergovernmental	<u>20,495</u>	<u>-</u>
 Total receivables	<u>\$ 219,848</u>	<u>\$ 3,181,526</u>
 Accounts payable and accrued expenses:		
Accounts	\$ 29,271	\$ 26,731
Interest	6,495	130,561
Intergovernmental	<u>12,019</u>	<u>-</u>
 Total accounts payable and accrued expenses	<u>\$ 47,785</u>	<u>\$ 157,292</u>

NOTE 8: INTERFUND ADVANCES

The composition of interfund advances receivable and payable at March 31, 2007 is as follows:

<i><u>Receivable Fund</u></i>	<i><u>Payable Fund</u></i>	<i><u>Amount</u></i>
General Fund	Kathleen Drive - Debt Service Fund	<u>\$ 14,000</u>

This amount represents the remaining balance due on a loan made to finance the road improvements to Kathleen Drive.

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 9: INTERFUND TRANSFERS

Interfund transfers reported in the fund statements were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 10,492
	Building Fund	250,000
Cemetery Perpetual Care Fund	Cemetery Fund	<u>2,863</u>
	Total	<u>\$ 263,355</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10: SPECIAL ASSESSMENTS RECEIVABLE

The Township has levied special assessments for the financing of road improvements, canal dredging and water lines within the Township. These special assessments receivable balances as of March 31, 2007 are as follows:

DEBT SERVICE FUNDS:

Road Improvements	
Hartshorn Subdivision	\$ 29,829
Gagetown Road and Glenss Subdivision	10,663
Michael and Georgina Drive	24,923
Kathleen Drive	5,815
Dredging	
Sand Point	8,132
Sandy Isle	<u>63,380</u>
	<u>\$ 142,742</u>

ENTERPRISE FUND:

1999 Water Extension #1	2,519,608
2000 Water Extension #2	171,170
2002 Water Extension #3	<u>383,822</u>
	<u>\$ 3,074,600</u>

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 11: DEFERRED REVENUE IN GOVERNMENTAL FUNDS

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<i>Unavailable</i>	<i>Unearned</i>	<i>Total Deferred Revenue</i>
Special assessments receivable	\$ 137,812	\$ -	\$ 137,812

Only the unearned component of deferred revenue is carried forward to the government-wide statement of net assets.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation) and certain medical benefits provided to employees.

The Township manages medical benefits by purchasing insurance through Municipal Benefit Services, a service provided by the Michigan Municipal League, manages its workers compensation risk, by participating in Michigan Municipal Workers Compensation Fund, and its liability and property risk by participating in the Michigan Township Participating Plan a public entity risk pool providing property and liability coverage to its participating members. The Township pays an annual premium for its workers compensation, property and liability insurance coverage. Both the Michigan Municipal Workers Compensation Fund and the Michigan Township Participating Plan are self-sustaining through member premiums. The Michigan Township Participating Plan provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 13: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The Township has a defined contribution pension plan administered by the John Hancock Life Insurance Company of America. All members of the township board, building inspectors, assessors, and employees who are employed for more than 20 hours per week on a regular basis, that have reached age 18, and worked at least one continuous year are eligible for benefits. The Township contributes 7.5% of each eligible employee's pay to the plan. For the fiscal year ended March 31, 2007, the Township made contributions of \$5,696 into the pension plan.

Post Employment Benefits:

The Township has no post employment benefits other than the pension plan described above.

CASEVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 14: FUND EQUITY

Specific reservations of fund equity include:

Reserved for prepaid expenditures – This reserve was created to indicate that the portion of fund balance represented by prepaid expenditures is not available for appropriation.

NOTE 15: DEFEASED DEBT

On May 10, 2006, Caseville Township issued refunding revenue bonds of \$2,620,000 with interest rates ranging from 4 to 5 percent to advance refund the callable portion of the 1999 Water Tower and Plant Expansion Revenue Bonds with interest rates ranging from 5.1 to 6.125 percent with a par value of \$2,475,000. The original bonds mature on May 1, 2019, and are callable on May 1, 2011. The refunding revenue bonds were issued at par plus a reoffering premium of \$50,661 and, after paying issuance costs of \$70,506, the net proceeds were \$2,604,394. The net proceeds from the issuance of the refunding revenue bonds are being held by the bond issuer, the Michigan Municipal Bond Authority, to provide for debt service payments on the callable portion of the original bonds. The advance refunding met the requirements of an in-substance debt defeasance and the original term bonds were removed from Caseville Township's proprietary fund financial statements.

As a result of the advance refunding, the Township reduced its total debt service requirements by \$160,569, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$119,850.

NOTE 16: PRIOR PERIOD ADJUSTMENTS

Correction of an error in recording Special Assessments Receivable:

In the prior year, the balance of the special assessments receivable in the Water Fund was overstated. As result of correcting this error the beginning retained earnings/net assets are as follows:

	<u>Enterprise Fund</u>
	<u>Water</u>
Retained earnings/ net assets, as previously stated, as of 3/31/06	\$ 6,419,634
Less: Correction of special assessment receivable balances	<u>(199,908)</u>
Retained earnings/net assets, as restated, as of 3/31/06	<u>\$ 6,219,726</u>

REQUIRED SUPPLEMENTAL INFORMATION

CASEVILLE TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>			<i>Actual Over (Under)</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Final Budget</i>
Revenues:				
Property taxes	\$ 246,025	\$ 416,365	\$ 414,400	\$ (1,965)
Licenses and permits	34,050	34,050	40,173	6,123
State grants	136,000	142,850	144,786	1,936
Charges for services	9,200	9,200	7,157	(2,043)
Interest and rents	6,200	6,200	29,196	22,996
Other revenue	500	500	6,036	5,536
Total revenues	431,975	609,165	641,748	32,583
Expenditures:				
Current				
General government	304,966	319,966	302,564	(17,402)
Public safety	32,320	202,660	201,293	(1,367)
Public works	1,620	1,620	6,224	4,604
Health and welfare	16,500	16,500	14,299	(2,201)
Community and economic development	13,040	19,540	19,018	(522)
Recreation	14,000	64,000	8,632	(55,368)
Capital outlay	52,300	59,150	34,616	(24,534)
Debt service				
Principal	8,877	8,877	8,877	-
Interest and fees	5,682	5,682	5,682	-
Total expenditures	449,305	697,995	601,205	(96,790)
Excess (deficiency) of revenues over expenditures	(17,330)	(88,830)	40,543	129,373
Other financing sources (uses):				
Transfers out	(15,000)	(265,000)	(260,492)	4,508
Total other financing sources (uses)	(15,000)	(265,000)	(260,492)	4,508
Net change in fund balance	(32,330)	(353,830)	(219,949)	133,881
Fund balance, beginning of year	758,979	758,979	758,979	-
Fund balance, end of year	\$ 726,649	\$ 405,149	\$ 539,030	\$ 133,881

CASEVILLE TOWNSHIP

POLICE FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i><u>Budgeted Amounts</u></i>			<i><u>Actual</u></i>
	<i><u>Original</u></i>	<i><u>Final</u></i>	<i><u>Actual</u></i>	<i><u>Over (Under)</u></i> <i><u>Final Budget</u></i>
Revenues:				
Property taxes	\$ 154,925	\$ 154,925	\$ 245,698	\$ 90,773
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants	1,500	1,500	\$ -	\$ (1,500)
Contributions from other units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	1,700	1,700	3,886	2,186
Interest and rents	2,000	2,000	7,782	5,782
Other revenue	-	-	22	-
Total revenues	<u>160,125</u>	<u>160,125</u>	<u>257,388</u>	<u>97,241</u>
Expenditures:				
Current				
Public safety	<u>264,000</u>	<u>264,000</u>	<u>243,389</u>	<u>(20,611)</u>
Total expenditures	<u>264,000</u>	<u>264,000</u>	<u>243,389</u>	<u>(20,611)</u>
Excess (deficiency) of revenues over expenditures	(103,875)	(103,875)	13,999	117,852
Fund balance, beginning of year	<u>225,176</u>	<u>225,176</u>	<u>225,176</u>	<u>-</u>
Fund balance, end of year	<u>\$ 121,301</u>	<u>\$ 121,301</u>	<u>\$ 239,175</u>	<u>\$ 117,852</u>

CASEVILLE TOWNSHIP

ROAD FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i><u>Budgeted Amounts</u></i>			<i><u>Actual</u></i>
	<i><u>Original</u></i>	<i><u>Final</u></i>	<i><u>Actual</u></i>	<i><u>Over (Under)</u></i>
				<i><u>Final Budget</u></i>
Revenues:				
Property taxes	\$ 147,750	\$ 147,750	\$ 150,947	\$ 3,197
Interest and rents	<u>2,000</u>	<u>2,000</u>	<u>10,624</u>	<u>8,624</u>
Total revenues	<u>149,750</u>	<u>149,750</u>	<u>161,571</u>	<u>11,821</u>
Expenditures:				
Current				
Public works	<u>207,000</u>	<u>207,000</u>	<u>144,422</u>	<u>(62,578)</u>
Total expenditures	<u>207,000</u>	<u>207,000</u>	<u>144,422</u>	<u>(62,578)</u>
Excess (deficiency) of revenues over expenditures	(57,250)	(57,250)	17,149	74,399
Fund balance, beginning of year	<u>271,581</u>	<u>271,581</u>	<u>271,581</u>	<u>-</u>
Fund balance, end of year	<u>\$ 214,331</u>	<u>\$ 214,331</u>	<u>\$ 288,730</u>	<u>\$ 74,399</u>

OTHER SUPPLEMENTAL INFORMATION

CASEVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2007

Current Taxes:

Property taxes	\$ 343,784
Trailer tax	202
Administration fees	<u>70,414</u>
	<u>414,400</u>

Licenses and permits:

Nonbusiness licenses and permits	22,257
CATV franchise fees	<u>17,916</u>
	<u>40,173</u>

State Grants:

State revenue sharing - sales tax	124,832
Metro Act	2,834
State grant - election equipment	6,850
State property tax collection reimbursement	<u>10,270</u>
	<u>144,786</u>

Charges for services:

Copies	57
Zoning/Variance/Appeals fees	3,550
Other	<u>3,550</u>
	<u>7,157</u>

Interest and rents:

Interest	28,097
Rents	<u>1,099</u>
	<u>29,196</u>

Other Revenue:

Reimbursements	3,007
Other	<u>3,029</u>
	<u>6,036</u>

Total revenues	<u><u>\$ 641,748</u></u>
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CASEVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2007

General Government:

Board:

Personnel	\$ 3,780
Fringe benefits	396
Insurance	148
	<hr/>
	4,324
	<hr/>

Supervisor:

Personnel	20,660
Fringe benefits	9,149
Supplies	355
Contracted services	23
Telephone	368
Mileage	804
Education and training	1,696
Insurance	1,035
	<hr/>
	34,090
	<hr/>

Clerk:

Personnel	45,519
Fringe benefits	37,046
Supplies	2,810
Contracted services	7,354
Telephone	3,499
Mileage	797
Dues and memberships	3,736
Education and training	1,265
Printing and publications	2,786
Insurance	2,142
Other	195
	<hr/>
	107,149
	<hr/>

Audit:

Contracted services	<hr/>
	4,487
	<hr/>

Board of Review:

Personnel	1,800
Fringe benefits	138
Printing and publications	283
	<hr/>
	2,221
	<hr/>

CASEVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2007

General Government (continued):

Treasurer:

Personnel	26,210
Fringe benefits	9,810
Supplies	5,557
Contracted services	3,869
Telephone	295
Mileage	358
Education and training	355
Printing and publications	2,054
Insurance	1,285
	<hr/>
	49,793

Assessor:

Personnel	36,250
Fringe benefits	2,773
Supplies	5,336
Contracted services	10,630
Telephone	437
Mileage	1,091
Dues and memberships	150
Education and training	2,331
Insurance	1,346
Other	7
	<hr/>
	60,351

Elections:

Personnel	1,931
Fringe benefits	329
Supplies	363
Contracted services	295
Mileage	101
	<hr/>
	3,019

Hall and Grounds:

Personnel	813
Fringe benefits	1,064
Supplies	1,596
Contracted services	9,710
Insurance	294
Utilities	4,504
Repairs and maintenance	3,689
Equipment rental	1,920
	<hr/>
	23,590

CASEVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2007

General Government (continued):

Attorney:

Contracted services	11,757
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Other Governmental Services:

Printing and publications	1,783
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Total general government	302,564
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Public Safety:

Safety Committee:

Personnel	540
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Fringe benefits	41
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	581
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Fire protection:

Contracted services	170,340
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Building inspection department:

Personnel	24,600
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Fringe benefits	1,882
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Supplies	552
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Telephone	160
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Mileage	850
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Dues and memberships	235
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Education and training	1,185
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Insurance	903
-----------	-----

Other	5
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	30,372
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Total public safety	201,293
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Public Works:

Drains-Public Benefit:

Contracted services	5,460
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Street Lights:

Utilities	764
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Total public works	6,224
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Health and Welfare:

Ambulance:

Contracted services	12,859
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Other Health and Welfare:

Contracted services	1,440
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Total health and welfare	14,299
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CASEVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2007

Community and Economic Development:

Planning:

Personnel	6,000
Fringe benefits	374
Supplies	50
Mileage	107
Dues and memberships	175
Education and training	984
Printing and publications	1,342
Insurance	296
	<hr/>
	9,328

Zoning:

Personnel	1,250
Fringe benefits	96
Contracted services	7,150
Mileage	291
Education and training	310
Printing and publications	519
Insurance	74
	<hr/>
	9,690

Total community and economic development	<hr/>	19,018
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Recreation and Culture:

Parks and Recreation:

Personnel	950
Fringe benefits	73
Supplies	101
Contracted services	6,240
Mileage	48
Utilities	220
	<hr/>
	7,632

Historic Society:

Contracted services	<hr/>	1,000
Total recreation and culture	<hr/>	8,632

Capital Outlay:

General government	33,116
Recreation	<u>1,500</u>
Total capital outlay	34,616

CASEVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2007

Debt Service:

Principal	8,877
Interest and fees	<u>5,682</u>
Total debt service	<u>14,559</u>
Total expenditures	601,205

Other Financing Uses:

Transfers to other funds	<u>260,492</u>
Total expenditures and other financing uses	<u>\$ 861,697</u>

CASEVILLE TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>	
	<u>Cemetery</u>	<u>Gypsy Moth</u>	<u>Building</u>	<u>Hartshorn Road</u>	<u>Gagetown Road and the Glenns Subdivision</u>
Assets:					
Cash and investments	\$ 4,656	\$ 172,177	\$ 266,419	\$ 14,878	\$ 79,938
Special assessments receivable	-	-	-	29,829	10,663
Total assets	<u>\$ 4,656</u>	<u>\$ 172,177</u>	<u>\$ 266,419</u>	<u>\$ 44,707</u>	<u>\$ 90,601</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 48	\$ -	\$ -	\$ -	\$ -
Advance payable	-	-	-	-	-
Deferred revenue	-	-	-	28,146	10,663
Total liabilities	<u>48</u>	<u>-</u>	<u>-</u>	<u>28,146</u>	<u>10,663</u>
Fund balances:					
Reserved for:					
Debt service	-	-	-	16,561	79,938
Nonexpendable cemetery principal	-	-	-	-	-
Unreserved:					
Special revenue funds	<u>4,608</u>	<u>172,177</u>	<u>266,419</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>4,608</u>	<u>172,177</u>	<u>266,419</u>	<u>16,561</u>	<u>79,938</u>
Total liabilities and fund balances	<u>\$ 4,656</u>	<u>\$ 172,177</u>	<u>\$ 266,419</u>	<u>\$ 44,707</u>	<u>\$ 90,601</u>

<i>Debt Service Funds</i>				<i>Permanent Fund</i>	
<i>Michael and Gorgina Drive</i>	<i>Kathleen Drive</i>	<i>Sand Point Canal Dredging</i>	<i>Sandy Isle Channel Dredging</i>	<i>Cemetery Perpetual Care Fund</i>	<i>Total Nonmajor Governmental Funds</i>
\$ 6,303	\$ 10,749	\$ 4,040	\$ 85,361	\$ 142,543	\$ 787,064
24,923	5,815	8,132	63,380	-	142,742
<u>\$ 31,226</u>	<u>\$ 16,564</u>	<u>\$ 12,172</u>	<u>\$ 148,741</u>	<u>\$ 142,543</u>	<u>\$ 929,806</u>
\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 49
-	14,000	-	-	-	14,000
23,466	5,815	7,732	61,990	-	137,812
<u>23,466</u>	<u>19,816</u>	<u>7,732</u>	<u>61,990</u>	<u>-</u>	<u>151,861</u>
7,760	(3,252)	4,440	86,751	-	192,198
-	-	-	-	142,543	142,543
-	-	-	-	-	443,204
<u>7,760</u>	<u>(3,252)</u>	<u>4,440</u>	<u>86,751</u>	<u>142,543</u>	<u>777,945</u>
<u>\$ 31,226</u>	<u>\$ 16,564</u>	<u>\$ 12,172</u>	<u>\$ 148,741</u>	<u>\$ 142,543</u>	<u>\$ 929,806</u>

CASEVILLE TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>	
	<u>Cemetery</u>	<u>Gypsy Moth</u>	<u>Building</u>	<u>Hartshorn Road</u>	<u>Gagetown Road and the Glenns Subdivision</u>
Revenues:					
Charges for services	\$ 4,106	\$ -	\$ -	\$ -	\$ -
Interest and rents	19	8,683	1,650	2,695	4,842
Other revenue	250	-	-	10,207	3,554
Total revenues	<u>4,375</u>	<u>8,683</u>	<u>1,650</u>	<u>12,902</u>	<u>8,396</u>
Expenditures:					
Current					
General government	17,291	-	-	-	-
Public works	-	281	-	-	-
Debt service					
Principal	-	-	-	11,534	33,466
Interest and fees	-	-	-	2,999	11,405
Total expenditures	<u>17,291</u>	<u>281</u>	<u>-</u>	<u>14,533</u>	<u>44,871</u>
Excess (deficiency) of revenues over expenditures	<u>(12,916)</u>	<u>8,402</u>	<u>1,650</u>	<u>(1,631)</u>	<u>(36,475)</u>
Other financing sources (uses):					
Transfers in	13,355	-	250,000	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>13,355</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	439	8,402	251,650	(1,631)	(36,475)
Fund balances (deficit), beginning of year	<u>4,169</u>	<u>163,775</u>	<u>14,769</u>	<u>18,192</u>	<u>116,413</u>
Fund balances (deficit), end of year	<u>\$ 4,608</u>	<u>\$ 172,177</u>	<u>\$ 266,419</u>	<u>\$ 16,561</u>	<u>\$ 79,938</u>

<i>Debt Service Funds</i>				<i>Permanent Fund</i>	
<i>Michael and Gorgina Drive</i>	<i>Kathleen Drive</i>	<i>Sand Point Canal Dredging</i>	<i>Sandy Isle Channel Dredging</i>	<i>Cemetery Perpetual Care Fund</i>	<i>Total Nonmajor Governmental Funds</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,106
2,009	875	1,711	8,485	5,020	35,989
3,911	831	7,732	32,082	2,200	60,767
5,920	1,706	9,443	40,567	7,220	100,862
-	-	-	-	-	17,291
-	-	-	-	-	281
6,000	-	20,000	40,000	-	111,000
1,980	-	2,180	7,770	-	26,334
7,980	-	22,180	47,770	-	154,906
(2,060)	1,706	(12,737)	(7,203)	7,220	(54,044)
-	-	-	-	-	263,355
-	-	-	-	(2,863)	(2,863)
-	-	-	-	(2,863)	260,492
(2,060)	1,706	(12,737)	(7,203)	4,357	206,448
9,820	(4,958)	17,177	93,954	138,186	571,497
\$ 7,760	\$ (3,252)	\$ 4,440	\$ 86,751	\$ 142,543	\$ 777,945

CASEVILLE TOWNSHIP

FIDUCIARY FUND – AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended March 31, 2007

	<i>April 1, 2006</i>	<i>Additions</i>	<i>Deductions</i>	<i>March 31, 2007</i>
<u>CURRENT TAX COLLECTION</u>				
Assets:				
Cash and cash equivalents	\$ <u> -</u>	\$ <u> 4,939,580 </u>	\$ <u> 4,939,580 </u>	\$ <u> -</u>
Liabilities:				
Undistributed property tax collections	\$ <u> -</u>	\$ <u> 4,939,580 </u>	\$ <u> 4,939,580 </u>	\$ <u> -</u>

CASEVILLE TOWNSHIP

GOVERNMENTAL ACTIVITY

SCHEDULE OF INDEBTEDNESS

March 31, 2007

2002 LAND CONTRACT PAYABLE

Issue in the amount of	\$	100,000
Less:		
Principal paid in prior years		24,963
Principal paid in current year		<u>8,877</u>
Balance payable at March 31, 2007	\$	<u>66,160</u>

Balance payable as follows:

<i><u>Fiscal</u></i> <i><u>Year Ended</u></i>	<i><u>Rate</u></i>	<i><u>Principal</u></i> <i><u>Due</u></i>	<i><u>Interest</u></i> <i><u>Due</u></i>	<i><u>Total</u></i> <i><u>Annual</u></i> <i><u>Requirement</u></i>
2008	8.00%	\$ 8,783	\$ 4,563	\$ 13,346
2009	8.00%	10,343	4,216	14,559
2010	8.00%	11,201	3,358	14,559
2011	8.00%	12,131	2,428	14,559
2012	8.00%	13,138	1,421	14,559
2013	8.00%	<u>10,564</u>	<u>356</u>	<u>10,920</u>
		\$ <u>66,160</u>	\$ <u>16,342</u>	\$ <u>82,502</u>

CASEVILLE TOWNSHIP

GOVERNMENTAL ACTIVITY

SCHEDULES OF INDEBTEDNESS

March 31, 2007

1998 SAND POINT SPECIAL ASSESSMENT BONDS

Issue in the amount of	\$	170,000
Less:		
Principal paid in prior years		130,000
Principal paid in current year		<u>20,000</u>
Balance payable at March 31, 2007	\$	<u>20,000</u>

Balance payable as follows:

<i>Fiscal</i>		<i>Principal Due</i>	<i>Interest Due</i>		<i>Total</i>
<i>Year Ended</i>	<i>Rate</i>	<i>3/1</i>	<i>9/1</i>	<i>3/1</i>	<i>Annual Requirement</i>
2008	4.70%	\$ 20,000	\$ 470	\$ 470	\$ 20,940
		<u>\$ 20,000</u>	<u>\$ 470</u>	<u>\$ 470</u>	<u>\$ 20,940</u>

1999 SANDY ISLE SPECIAL ASSESSMENT BONDS

Issue in the amount of	\$	355,000
Less:		
Principal paid in prior years		195,000
Principal paid in current year		<u>40,000</u>
Balance payable at March 31, 2007	\$	<u>120,000</u>

Balance payable as follows:

<i>Fiscal</i>		<i>Principal Due</i>	<i>Interest Due</i>		<i>Total</i>
<i>Year Ended</i>	<i>Rate</i>	<i>3/1</i>	<i>9/1</i>	<i>3/1</i>	<i>Annual Requirement</i>
2008	5.30%	\$ 40,000	\$ 3,210	\$ 2,150	\$ 45,360
2009	5.35%	40,000	2,150	1,080	43,230
2010	5.40%	<u>40,000</u>	<u>1,080</u>	<u>-</u>	<u>41,080</u>
		<u>\$ 120,000</u>	<u>\$ 6,440</u>	<u>\$ 3,230</u>	<u>\$ 129,670</u>

CASEVILLE TOWNSHIP

GOVERNMENTAL ACTIVITY

SCHEDULES OF INDEBTEDNESS

March 31, 2007

2000 HARTSHORN SUBDIVISION AND GAGETOWN ROAD SPECIAL ASSESSMENT DISTRICT BONDS

Issue in the amount of	\$	150,000
Less:		
Principal paid in prior years		70,000
Principal paid in current year		<u>15,000</u>
Balance payable at March 31, 2007	\$	<u>65,000</u>

Balance payable as follows:

<i>Fiscal</i>		<i>Principal Due</i>	<i>Interest Due</i>		<i>Total</i>
<i>Year Ended</i>	<i>Rate</i>	<i>5/1</i>	<i>5/1</i>	<i>11/1</i>	<i>Annual Requirement</i>
2008	5.00%	\$ 15,000	\$ 1,625	\$ 1,250	\$ 17,875
2009	5.00%	15,000	1,250	875	17,125
2010	5.00%	15,000	875	500	16,375
2011	5.00%	<u>20,000</u>	<u>500</u>	<u>-</u>	<u>20,500</u>
		<u>\$ 65,000</u>	<u>\$ 4,250</u>	<u>\$ 2,625</u>	<u>\$ 71,875</u>

2000 GAGETOWN ROAD AND THE GLENN'S SUBDIVISION SPECIAL ASSESSMENT DISTRICT BONDS

Issue in the amount of	\$	280,000
Less:		
Principal paid in prior years		135,000
Principal paid in current year		<u>30,000</u>
Balance payable at March 31, 2007	\$	<u>115,000</u>

Balance payable as follows:

<i>Fiscal</i>		<i>Principal Due</i>	<i>Interest Due</i>		<i>Total</i>
<i>Year Ended</i>	<i>Rate</i>	<i>5/1</i>	<i>5/1</i>	<i>11/1</i>	<i>Annual Requirement</i>
2008	7.80%	\$ 30,000	\$ 4,533	\$ 3,363	\$ 37,896
2009	7.85%	30,000	3,363	2,185	35,548
2010	7.90%	30,000	2,185	1,000	33,185
2011	8.00%	<u>25,000</u>	<u>1,000</u>	<u>-</u>	<u>26,000</u>
		<u>\$ 115,000</u>	<u>\$ 11,081</u>	<u>\$ 6,548</u>	<u>\$ 132,629</u>

CASEVILLE TOWNSHIP

GOVERNMENTAL ACTIVITY

SCHEDULE OF INDEBTEDNESS

March 31, 2007

2003 MICHAEL AND GEORGINA DRIVE SPECIAL ASSESSMENT DISTRICT BONDS

Issue in the amount of	\$	44,000
Less:		
Principal paid in prior years		8,000
Principal paid in current year		<u>6,000</u>
Balance payable at March 31, 2007	\$	<u>30,000</u>

Balance payable as follows:

<i><u>Fiscal</u></i> <i><u>Year Ended</u></i>	<i><u>Rate</u></i>	<i><u>Principal Due</u></i>		<i><u>Interest Due</u></i>		<i><u>Total</u></i> <i><u>Annual</u></i> <i><u>Requirement</u></i>
		<i><u>5/1</u></i>	<i><u>5/1</u></i>	<i><u>11/1</u></i>	<i><u>11/1</u></i>	
2008	6.00%	\$ 5,000	\$ 900	\$ 750	\$	6,650
2009	6.00%	4,000	750	630		5,380
2010	6.00%	4,000	630	510		5,140
2011	6.00%	5,000	510	360		5,870
2012	6.00%	6,000	360	180		6,540
2013	6.00%	<u>6,000</u>	<u>180</u>	<u>-</u>		<u>6,180</u>
		<u>\$ 30,000</u>	<u>\$ 3,330</u>	<u>\$ 2,430</u>	<u>\$</u>	<u>35,760</u>

CASEVILLE TOWNSHIP

BUSINESS-TYPE ACTIVITY

SCHEDULE OF INDEBTEDNESS

March 31, 2007

1999 WATER DISTRIBUTION SYSTEM SPECIAL ASSESSMENT DISTRICT # 1 BONDS

Issue in the amount of	\$	3,745,000
Less:		
Principal paid in prior years		945,000
Principal paid in current year		<u>200,000</u>
Balance payable at March 31, 2007	\$	<u>2,600,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Rate</i>	<i>Principal Due</i>		<i>Interest Due</i>		<i>Total</i> <i>Annual</i> <i>Requirement</i>
		<i>5/1</i>	<i>5/1</i>	<i>11/1</i>		
2008	4.85%	\$ 200,000	\$ 67,600	\$ 62,700	\$	330,300
2009	4.90%	200,000	62,700	57,750		320,450
2010	4.95%	200,000	57,750	52,500		310,250
2011	5.25%	200,000	52,500	47,250		299,750
2012	5.25%	200,000	47,250	42,000		289,250
2013	5.25.%	200,000	42,000	36,750		278,750
2014	5.25%	200,000	36,750	31,500		268,250
2015	5.25%	200,000	31,500	26,250		257,750
2016	5.25%	200,000	26,250	21,000		247,250
2017	5.25%	200,000	21,000	15,750		236,750
2018	5.25%	200,000	15,750	10,500		226,250
2019	5.25%	200,000	10,500	5,250		215,750
2020	5.25%	200,000	5,250	-		205,250
		<u>\$ 2,600,000</u>	<u>\$ 476,800</u>	<u>\$ 409,200</u>	<u>\$</u>	<u>3,486,000</u>

CASEVILLE TOWNSHIP

BUSINESS-TYPE ACTIVITY

SCHEDULE OF INDEBTEDNESS

March 31, 2007

2000 WATER SYSTEM SPECIAL ASSESSMENT DISTRICT #2 BONDS

Issue in the amount of \$ 360,000

Less: Principal paid in prior years 60,000
Principal paid in current year 20,000

Balance payable at March 31, 2007 \$ 280,000

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Rate</i>	<i>Principal Due</i>		<i>Interest Due</i>		<i>Total</i> <i>Annual</i> <i>Requirement</i>
		<i>5/1</i>	<i>5/1</i>	<i>11/1</i>		
2008	5.05%	\$ 20,000	\$ 7,525	\$ 7,025	\$	34,550
2009	5.10%	20,000	7,025	6,520		33,545
2010	5.15%	20,000	6,520	6,010		32,530
2011	5.20%	20,000	6,010	5,495		31,505
2012	5.25%	20,000	5,495	4,975		30,470
2013	5.30%	20,000	4,975	4,450		29,425
2014	5.35%	20,000	4,450	3,920		28,370
2015	5.40%	20,000	3,920	3,380		27,300
2016	5.50%	20,000	3,380	2,830		26,210
2017	5.60%	20,000	2,830	2,270		25,100
2018	5.65%	20,000	2,270	1,710		23,980
2018	5.70%	20,000	1,710	1,145		22,855
2019	5.70%	20,000	1,145	575		21,720
2020	5.75%	20,000	575	-		20,575
		<u>\$ 280,000</u>	<u>\$ 57,830</u>	<u>\$ 50,305</u>	<u>\$</u>	<u>388,135</u>

CASEVILLE TOWNSHIP

BUSINESS-TYPE ACTIVITY

SCHEDULE OF INDEBTEDNESS

March 31, 2007

2002 WATER DISTRIBUTION SYSTEM SPECIAL ASSESSMENT DISTRICT # 3 BONDS

Issue in the amount of	\$	340,000
Less:		
Principal paid in prior years		30,000
Principal paid in current year		<u>20,000</u>
Balance payable at March 31, 2007	\$	<u>290,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Rate</i>	<i>Principal Due</i>		<i>Interest Due</i>		<i>Total</i>
		<i>5/1</i>	<i>5/1</i>	<i>11/1</i>		<i>Annual Requirement</i>
2008	4.75%	\$ 20,000	\$ 7,069	\$ 6,594	\$	33,663
2009	4.75%	20,000	6,594	6,119		32,713
2010	4.75%	20,000	6,118	6,543		32,661
2011	4.75%	20,000	6,544	5,169		31,713
2012	4.75%	20,000	5,169	4,694		29,863
2013	4.75%	20,000	4,694	4,219		28,913
2014	4.75%	20,000	4,218	3,743		27,961
2015	4.75%	20,000	3,744	3,269		27,013
2016	4.75%	20,000	3,269	2,789		26,058
2017	4.80%	20,000	2,789	2,299		25,088
2018	5.00%	15,000	2,298	1,923		19,221
2019	5.05%	15,000	1,924	1,545		18,469
2020	5.10%	20,000	1,545	1,035		22,580
2021	5.15%	20,000	1,035	520		21,555
2022	5.20%	<u>20,000</u>	<u>520</u>	<u>-</u>		<u>20,520</u>
		<u>\$ 290,000</u>	<u>\$ 57,530</u>	<u>\$ 50,461</u>	<u>\$</u>	<u>397,991</u>

CASEVILLE TOWNSHIP

BUSINESS-TYPE ACTIVITY

SCHEDULE OF INDEBTEDNESS

March 31, 2007

1999 WATER TOWER AND PLANT EXPANSION REVENUE BONDS

Issue in the amount of	\$	3,900,000
Less:		
Principal paid in prior years		625,000
Principal paid in current year		<u>2,675,000</u>
Balance payable at March 31, 2007	\$	<u>600,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Rate</i>	<i>Principal Due</i>	<i>Interest Due</i>		<i>Total</i>
		<i>5/1</i>	<i>5/1</i>	<i>11/1</i>	<i>Annual Requirement</i>
2008	5.200%	200,000	15,900	15,900	231,800
2009	5.300%	200,000	10,700	10,700	221,400
2010	5.400%	<u>200,000</u>	<u>5,400</u>	<u>5,400</u>	<u>210,800</u>
		\$ <u>600,000</u>	\$ <u>32,000</u>	\$ <u>32,000</u>	\$ <u>664,000</u>

CASEVILLE TOWNSHIP

BUSINESS-TYPE ACTIVITY

SCHEDULE OF INDEBTEDNESS

March 31, 2007

2006 REFUNDING WATER REVENUE BONDS

Issue in the amount of	\$	2,620,000
Less:		
Principal paid in prior years		-
Principal paid in current year		-
Balance payable at March 31, 2007	\$	<u>2,620,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Rate</i>	<i>Principal Due</i>		<i>Interest Due</i>		<i>Total</i> <i>Annual</i> <i>Requirement</i>
		<i>5/1</i>	<i>5/1</i>	<i>11/1</i>		
2008	5.200%	\$ 20,000	\$ 58,579	\$ 55,650	\$	134,229
2009	5.300%	20,000	58,179	58,179		136,358
2010	5.400%	20,000	57,779	57,778		135,557
2011	5.500%	220,000	57,379	57,379		334,758
2012	5.600%	220,000	52,704	52,703		325,407
2013	5.700%	220,000	48,029	48,029		316,058
2014	5.800%	240,000	43,354	43,353		326,707
2015	5.900%	235,000	38,254	38,254		311,508
2016	6.125%	235,000	33,113	33,113		301,226
2017	6.125%	305,000	27,972	27,972		360,944
2018	6.125%	300,000	21,110	21,110		342,220
2019	6.125%	295,000	13,610	13,610		322,220
2020	6.125%	<u>290,000</u>	<u>6,235</u>	<u>6,235</u>		<u>302,470</u>
		\$ 2,620,000	\$ 516,297	\$ 513,365	\$	<u>3,649,662</u>